

**Managed Risk Medical Insurance Board
October 27, 2004**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Richard Figueroa, Virginia Gotlieb, M.P.H., Sandra Hernández, M.D.

Ex Officio Members Present: Ed Mendoza

Staff Present: Lesley Cummings Joyce Iseri, Laura Rosenthal, Janette Lopez, Stuart Busby, Dennis Gilliam, Glenn Hair, Ernesto Sanchez, Carolyn Tagupa, JoAnne French, Becky Villa

Chairman Allenby called the meeting to order and recessed it for executive session. At the conclusion of executive session, the meeting was reconvened.

REVIEW AND APPROVAL OF MINUTES OF SEPTEMBER 22, 2004, MEETING

A motion was made and unanimously passed to approve the minutes of the September 22, 2004, meeting.

LEGISLATIVE UPDATE

State: End of Session Report

Laura Rosenthal introduced MRMIB's new Legislative Coordinator, Jeanne Brode. Ms. Rosenthal thanked Dennis Gilliam for serving as interim Legislative Coordinator in addition to his many other duties until the position was filled.

Mr. Gilliam highlighted the status of bills of interest to MRMIB at the close of this legislative session. SB 142 (Alpert) was signed by the Governor. SB 142 allows the Department of Health Services (DHS) to bid for temporary genetic testing of newborns until there is statewide compliance.

SB 1196 (Cedillo) was signed by this Governor. SB 1196, which was amended to conform with MRMIB recommendations, requires that counties forward the National School Lunch EE applications to an appropriate health insurance program, such as HFP, if a child is determined ineligible for Medi-Cal, as long as there is parental consent.

AB 1555 (Speier) was vetoed by the Governor. AB 1555 would have extended the requirement to provide coverage for maternity services, already included under Knox-

Keene for managed care plans, to health insurance plans regulated by the Department of Insurance. Mr. Figueroa expressed his disappointment that AB 1555 did not pass. Chairman Allenby asked if there were any questions or comments; there were none.

Federal Update

Laura Rosenthal reported on the status of legislation pending in Congress which would extend for up to five additional years the funding available to state high risk pools through the Federal Trade Act of 2002. MRMIB staff has been working closely with the Governor's Washington, D.C., office to seek further amendments that would make California eligible for pool funding. The current understanding is that any action on this legislation will come after the national election. Ms. Rosenthal added that she and Ernesto Sanchez recently attended a national conference on high risk pools where this pending legislation was discussed extensively. It is a priority for all high risk pools countrywide.

Glenn Hair reported on the status of the additional extension of unspent allotments for the State Children's Health Insurance Program (SCHIP) for FFYs 1998, 1999, and 2000. The original extension expired September 30, 2004. Because Congress did not act by September 30, 2004, states will have to return an estimated \$1.1 billion. S 2759 (Rockefeller) would allow states to keep 30% of these funds, and 70% would be redistributed to states that have spent all of their allotments. Since California spent all of its retained funds for FFYs 1998 through 2000 prior to the end of the original two-year extension period, and has not spent all of its current allotments, it is not eligible for any of the \$1.1 billion.

S 2759 also proposes to allow states unable to spend their FFYs 2002, 2003, and 2004 SCHIP allotments by September 30, 2004, to keep half of the unspent funds. The other half would be redistributed to states that have fully spent their 2002 through 2004 allotments. Based on the 2004 May revision, approximately \$120 million of California's FFY 2002 allotment will remain unspent by September 30, 2004. Under S 2759, California would retain \$60 million. Chairman Allenby pointed out that this would help with AB 495.

Chairman Allenby asked if there were any questions or comments; there were none.

ACCESS FOR INFANTS AND MOTHERS ENROLLMENT INTO HEALTHY FAMILIES PROGRAM REGULATIONS: APPROVAL OF FIFTEEN-DAY RE-NOTICE CHANGES

Dennis Gilliam asked the Board to approve a change to the regulations which allows families of AIM infants who were enrolled late to complete the Annual Eligibility Review (AER) process in time to continue eligibility beyond twelve months of age. A motion was made and unanimously passed to approve changes to the HFP regulations included in the fifteen-day re-notice.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Reports

Ernesto Sanchez reported that there were 693,000 children enrolled in HFP as of October 27, 2004. He reviewed the enrollment data regarding ethnicity, gender, the top five counties in enrollment, and the SPE statistics, including the breakdown of applications processed with and without assistance. He was happy to report the percentage of applications processed with assistance increased by 3% during the past month, although the rate remains low, at 14.7%.

Janette Lopez, Deputy Director for Eligibility, Enrollment and Marketing, reviewed historical enrollment trends for the program, noting that total enrollment has been at the same level for over a year. New enrollments declined significantly during the transition to a new administrative vendor (AV) in January, but are now back up to levels experienced in the fall of 2002. What has kept total enrollment from growing over the past year is not the level of new enrollment, which has been at acceptable levels (except during the transition), but rather the rate of disenrollments, particularly at annual eligibility review (AER). Staff will review AER trends at the next Board meeting. National trends for SCHIP enrolment show declines in most states according to a recent Kaiser Family Foundation report. Ms. Gotlieb commented that performance in other states should not be California's evaluation criteria. Rather, meeting the needs of California's children should be the criteria.

Mr. Mendoza asked if the program projects that the enrollment plateau will continue through the budget year, or whether the imposition of premium increases for families with incomes above 200% on July 1, 2005, was expected to result in enrollment decline. Ms. Cummings replied that enrollment projections for the budget year are not finalized, but that enrollment would be impacted by the budget. Chairman Allenby pointed out that the California Teachers Association (CTA), health plans, and other organizations are helping with outreach and application assistance. Ms. Cummings added that efforts by CTA and others have helped HFP remain steady. Ms. Gotlieb said despite all the efforts by so many stakeholders, it does not appear the situation will change for the better anytime soon because of budget.

Chairman Allenby called for public comment.

Michelle Harper with Consumers Union expressed concerns about the enrollment plateau. She also expressed concerns about the role of health plans in enrolling children. While health plans have a valuable role to play, that role needs to be discussed in meetings of all stakeholders. She requested the Board consider instructing staff to work with all concerned individuals.

Felicia DuPuch with Care1st Health Plan said they believe the biggest hurdle to enrollment is the continued problems with the administrative vendor's performance. There are lots of eligible people who won't apply because of rumored problems.

Care1st pulled back on assisting with outreach because of enrollment problems. She requested MRMIB keep working on resolving these problems. Chairman Allenby assured her it would.

Administrative Vendor Performance Report

Ernesto Sanchez presented the Administrative Vendor Performance Report. Maximus is the administrative vendor (AV) for the HFP and the SPE. The report lists the performance measures contained in the contract between MRMIB and Maximus and reports on Maximus' performance in each category. During the month of September 2004, Maximus met all seven performance standards for HFP and all four performance standards for the SPE.

Ms. Lopez reported that while the AV is meeting the performance standards regarding handling of appeals, there is a significant backlog of appeals at MRMIB. MRMIB staff respond to first level appeals that have medical claims and second level appeals. Currently, MRMIB staff has 1200 appeals in-house, and staff is three to four months behind. The appeals backlog results from staff reductions and the high priority MRMIB has placed on workload associated with the AV transition. Each member of staff works an extra day every other week to try to reduce the backlog, but the volume of new appeals makes progress difficult. Staff has been analyzing a better way to handle appeals. Chairman Allenby requested that the Board be kept informed periodically on the status of appeals, including the breakdown on the outcome of appeals. Ms. Lopez said staff has been tracking the data on incoming and outgoing appeals and will provide the Board with that information. Dr. Crowell said staff should ask for special dispensation to hire temporary staff.

Ms. Lopez addressed items brought up by public testimony at the last meeting regarding the AV's performance. The Board had asked each individual testifying to provide staff with specific cases staff could address. Eight cases were submitted by Santa Clara County. Staff reached the same conclusion it had during its initial assessment. Three of the problems were mistakes made by the prior AV last November. The remaining five were previously reported to MRMIB and have been resolved. Other cases submitted for staff review were old, none more recent than May 2004. MRMIB anticipated it would encounter unavoidable problems with the transition of AVs. Maximus currently has two health plan liaisons. In an effort to be responsive to the needs of the plans, it will be adding two more. One of the organizations registering a complaint at the last meeting wrote a letter to staff listing its areas of concern, and gave three examples, two of which have been resolved and one is still outstanding.

In response to the complaint about rude operators, inconsistent information from operator to operator, and the inability to speak to supervisors, Ms. Lopez said staff went on site the week of October 4 to listen to both recorded phone calls and live calls at SPE, HFP, and the command center. They did not hear any instances of rudeness and callers being unable to speak to a supervisor. More supervisors have been hired. Staff did observe that operators must use several different screens to find information. They

observed that operators on the outreach line have a good understanding of Medi-Cal and HFP. She asked Michael Lemberg from Maximus to address the Board.

Mr. Lemberg said Maximus had monitored phone calls since the last Board meeting. They noticed a few instances of problems. They have increased the number of supervisors and eligibility specialists for the regular operators to turn to, and they are providing more application assistance. As a result, the number of complaints about not being able to speak to a supervisor have been reduced to almost zero. All of Maximus staff is undergoing customer service training, which they expect to be completed by the end of next week. They created a new single-view screen so all operators will be accessing the same information with greater ease. The new screen is still undergoing testing, but should be up and running in two weeks.

Ms. Gotlieb expressed concern about the second level appeals that go from Maximus to MRMIB, leaving children in limbo until a determination is made. Mr. Lemberg replied that both Maximus and MRMIB staff are currently analyzing these appeals.

Ms. Lopez detailed several more audits that will be conducted. In January 2005, an external auditor will begin reviewing Maximus so that in spring of 2005 Maximus can obtain its ISO certification.

Mr. Mendoza asked whether the main reason for appeals was income verification. Mr. Lemberg replied that the main reason was timeliness of submission of income documentation. Ms. Gotlieb asked if the problem has been solved of matching up documentation with applications when the two arrive separately. Mr. Lemberg replied that it appeared the problem revolved mostly around Health-e-App. They are now successful at being able to link the paperwork within one to one and one-half days, so that problem is pretty much resolved.

In summing up, Ms. Lopez said MRMIB and Maximus staff have been listening to the concerns of their stakeholders. They are looking at ways to make the application process easier for both the applicants and those who assist with applications, including making forms more readily available on the web.

There was a final comment from the public concerning problems with two current cases.

Health, Dental, and Vision Plan Solicitation and Model Contracts for 7/1/05 through 6/30/08 and Rural Health Demonstration Projects for 7/1/05 through 6/30/07

Joyce Iseri acknowledged Laura Rosenthal, Chief Counsel, and staff in the Benefits and Eligibility divisions for their assistance with the three model contracts. Ms. Iseri noted that a model evidence of coverage (EOC) has been included for the first time. The EOC is being suggested, not required, for the plans' use. The EOC was developed in concert with the Department of Managed Health Care (DMHC).

Ms. Iseri highlighted various changes to the draft presented at the last meeting. Staff revised language in the contract concerning cultural and linguistics (C&L). The group needs assessment has been replaced by a C&L assessment to better meet the needs of plans' HFP subscribers. Additionally, the contracts contain a new requirement for plans to reconcile data. The contracts require plans to report discrepancies in data within 60 days.

The plans will be sent the approved contracts this Friday. The contracts will also be posted on MRMIB's web site. A bidders conference will be held November 9. Between November 9 and December 10 staff will meet with new plans who want to submit a proposal. The first part of submissions will be due December 10 at 3:00 p.m. The second part will be due January 6 by 5:00 p.m. In January and February staff will negotiate the changes plans want to make. The staff will make recommendations to the Board on award of the contracts at its March 2, 2005, meeting.

Submissions for the Rural Health Demonstration Project (RHDP) are due January 14. Award of RHDP contracts will also occur at the Board's March 2, 2005, meeting.

Chairman Allenby asked for public comment.

Marty Martinez with the Pan-Ethnic Health Network said his organization was responsible for advocacy work on C&L provisions. He said they strongly support the changes that were made to the draft contract and they are very pleased with these changes. He acknowledged Ms. Iseri for adding the needs assessment provisions.

Patricia Diaz with the Latino Coalition for a Healthy California also thanked staff for taking the time to work with the advocates.

Vivian Huang with the California Primary Care Association also thanked Ms. Iseri and staff. She underscored the need for language assessment tools that are valid and reliable. Cultural competency assessment is difficult. Cultural competency requires providers experienced with culturally diverse populations and use of satisfaction surveys.

Mr. Figueroa commented that meeting C&L needs is a challenging process, and acknowledged staff and the advocates for their work in addressing the challenges. Ms. Cummings added that while thanks are being given, Ms. Iseri deserves to be acknowledged for her work; she worked all through the night twice to complete the contracts. Chairman Allenby asked if there were any further questions or comments; there were none.

A motion was made and unanimously passed to approve the health, dental, and vision plan model contracts, the model state-supported services contract, and the Rural Health Demonstration Project Exhibit F for inclusion with the 7/1/05 through 6/30/08 plan solicitation.

SB 59 (Escutia) Report: Using Title XXI Funds for Initiatives to Address the Health Care Needs of Vulnerable Children in California

Carolyn Tagupa presented the report pursuant to SB 59 (Escutia), which required MRMIB to develop a list of categories of vulnerable children and to develop innovative methods to use Title XXI funding for health care services for these children. Title XXI authorizes the Centers for Medicare and Medicaid Services (CMS) to fund public health initiatives under the 10% “administrative cap.” Because outreach funding was counted against the cap, California previously had no room for additional expenditures. Since California eliminated outreach funding due to its fiscal crises, there is currently room under the cap for public health initiatives.

Staff used input from various sources, including the Board, the Healthy Families Advisory Panel, stakeholders, other states’ programs, and the California Health Interview Survey (CHIS), to identify categories of uninsured children at high risk for poor access to medical care. Ms. Tagupa detailed the categories.

Approved public health initiatives were considered using input from stakeholders to identify innovative services to address the needs of vulnerable children. Ms. Tagupa gave examples of public health initiatives in Florida, Maine, and Minnesota. Staff suggested using an approach modeled after the Rural Health Demonstration Projects. Federal approval would be needed and California’s budget crises could preclude matching funding, although some counties have submitted concepts for public health initiatives. Additionally, funding from the 10% cap could be limited by other programs seeking funding from this source. A minimum of two positions at MRMIB would be required for oversight of the project.

Lesley Cummings clarified there is space within the cap to expend funds, but there is no funding currently available. Dr. Crowell commended the categories identified as needed services, but she suggested children exposed to the trauma of violence should be added. She said if Proposition 63 passes there should be money for the mental health component. Ed Mendoza expressed concern over the lack of any mention about obesity and only a cursory mention of nutrition. Ms. Cummings responded that because Ms. Tagupa is new, she is unfamiliar with the background. Ms. Tagupa presented the report on behalf of Lorraine Brown, who is on leave caring for her newborn baby. Chairman Allenby requested the Board’s comments be taken back to Ms. Brown. Ms. Tagupa said she will get back to Mr. Mendoza on the obesity issue.

Ms. Cummings said this report has already gone to the Legislature, but staff will be mindful of the Board’s suggestions. Dr. Crowell emphasized the need for staff to carry out the project. Virginia Gotlieb said the report illustrates that a little funding can be highly leveraged to make a real difference. This should be looked upon as a tremendous opportunity. Dr. Hernández asked about the HFP Advisory Panel’s inclusion of autism. Ms. Cummings said she would find out and report back to her. Dr. Hernández asked what the sources of funding were for the counties that submitted public health initiative proposals under AB 495. Ms. Cummings said when a few

counties submitted public health initiatives, staff chose to proceed with expansion of coverage first, so nothing has been submitted to the federal government yet. Because these proposals were submitted so long ago, staff would need to find out from the counties if they are still interested in having a state plan amendment (SPA) presented. Dr. Hernández asked if the initiatives would involve only county funds, not state. Ms. Cummings said yes, and since the federal government approved the SPA for the county expansions, they would probably approve a public health initiative with county funding. Chairman Allenby agreed the SPA could be approved if it meets the federal government's standards. The report in its entirety can be found on MRMIB's website at www.mrmib.ca.gov/HFP/specialreports.

Chairman Allenby asked if there were any further questions or comments, there were none.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Ernesto Sanchez said no report was provided for the month of July because the AIM administrative vendor services were consolidated under Maximus effective July 1. Some errors were found in the August report during the process of finalizing the transition. A corrected report for August was provided.

For the month of September, Mr. Sanchez reported that there are currently 5,732 mothers and 13,623 infants enrolled in the program. He reviewed the enrollment data, including ethnicity, infant gender percentage, and the counties and health plans with the highest percentage of enrollment.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Mr. Sanchez reported that there are currently 9,394 people enrolled in the program. As of October 1, there are 44 on the waiting list serving the post-enrollment waiting period. During the past month, one person was disenrolled pursuant to AB 1401. The total number of 36-month disenrollment to-date is 9,849. The program remains open to new subscribers since the current enrollment is below the cap of 10,718.

Semi-Annual Enrollment Estimate

Ms. Iseri said the semi-annual enrollment estimate is slightly different than in the past due to some data problems. If enrollment approaches the current cap of 10,718, Ms. Iseri said it can comfortably be raised on an as-needed basis. Staff, PricewaterhouseCoopers, and the AV will be working to address the data challenges. The estimate may be modified when given again in six months. Chairman Allenby asked if there were any questions or comments; there were none.

Presentation of Premiums for 2005

Stuart Busby explained that MRMIP rates are set at 125% of the standard on the market pursuant to legislation. In developing the rates for 2005, the 11% “renewal rate load” was removed. Due to the elimination of the 11% load, premium increases for MRMIP enrollees will be moderate, approximately 6.4%, compared to the trend in the individual insurance market. In 2004, premiums went up 12.3%.

There being no further business to come before the Board, the meeting was adjourned.